

**MINUTES OF A MEETING  
KENTUCKY WORKERS' COMPENSATION FUNDING COMMISSION  
BOARD OF DIRECTORS**

**July 26, 2017**

**Opening of Meeting:**

1. A regular meeting of the Board of Directors, Kentucky Workers' Compensation Funding Commission was held on July 26, 2017, in the Commission's conference room, located at 42 Mill Creek Park, Frankfort, Kentucky. Madam Chair Judy Long called the meeting to order.
2. Ms. Angela Calloway announced the meeting will be recorded in accordance with Kentucky Revised Statute 61.835.
3. Madam Chair Long verified press notice and asked for roll call.

**Directors Present:**

4. Judy Long, Self-Insured Employers Representative  
Derrick Ramsey, Secretary, Labor Cabinet  
Duran Hall, Commercially Insured Employers  
Ryan Barrow, Designee for Secretary William Landrum, Finance & Administration Cabinet  
Reid Glass, Designee for Secretary Terry R. Gill, Jr., Cabinet for Economic Development

**Others Present:**

5. Reuben Jones, Executive Director, KWCFC  
Louie Hord, Director of Fiscal Operations, KWCFC  
Renee Haddix, Director of Audit and Collections, KWCFC  
Lisa King, Audit Review Manager, KWCFC  
Angela Calloway, Fiscal Services Officer, KWCFC  
Gordon Stammel, Computer Network Manager, KWCFC  
Brooken Smith, Chief of Staff, Labor Cabinet  
Dale Hamblin, Dept. for Workers' Claims  
Kim Bechtel, Office of Financial Management  
Jan West, Goldberg Simpson  
Andrew Manno, Legislative Research Commission  
Dustin Miller, Government Strategies/AIG

### **Approval of Minutes:**

6. Mr. Duran Hall made a motion to approve the May 18, 2017 Minutes. Secretary Derrick Ramsey seconded the motion. Motion carried.
7. Secretary Derrick Ramsey made a motion to approve the June 21, 2017 Special Meeting Minutes. Mr. Ryan Barrow seconded the motion. Motion carried.
8. Secretary Derrick Ramsey made a motion to approve the July 7, 2017 Special Meeting Minutes. Mr. Ryan Barrow seconded the motion. Motion carried.

### **Financial Report:** Louie Hord (report on file for referral)

9. Mr. Louie Hord reviewed the year to date budget versus actual expenses for KWCFC, the year to date internal financial statements, and fiscal year to date interagency transfers made by KWCFC for the period ending June 30, 2017.
10. Mr. Duran Hall made the motion to accept the Financial Reports as presented to the Board. Mr. Ryan Barrow seconded the motion. Motion carried.

### **Investment Report:** Kim Bechtel (report on file for referral)

11. Ms. Kim Bechtel reported to the Board the custody contract has been awarded to State Street for a two-year term, with a possibility to extend the contract for two additional two year terms. The Securities Lending was extended to the end of July and the contracts are in negotiation. She expects the Securities Lending contract will be signed at the end of the month.
12. Ms. Kim Bechtel reviewed the Investment Positions stating the balance at the end of April was approximately \$575M and the balance is now around \$573M. She pointed out each fund specifically and stated in comparison to last year the total Investment Position Balance was approximately \$667M. She explained the reason for the decrease was due to the market selloff in November as a result of the election outcome and maturities occurring in the treasury portfolio that were used for administrative and claim expenses.
13. Ms. Kim Bechtel reviewed the Actuarial Projections showing projections verses actual results, Securities Lending Results, and the Coal Workers' Pneumoconiosis Fund as of June 26, 2017. She also reviewed the Special Fund Monthly Cash Projections.
14. Mr. Duran Hall made the motion to accept the Investment Report as reported by Ms. Kim Bechtel. Mr. Reid Glass seconded the motion. Motion carried.

**Year in Review:** Reuben Jones (presentation on file for referral)

15. Mr. Reuben Jones reviewed the 2017 performance, as well as, the 2018 priorities for the Commission.

16. Ms. Renee Haddix and Mr. Louie Hord gave updates on their respective departments.

**Audit & Collections Update:** Renee Haddix (report on file for referral)

17. Ms. Renee Haddix presented an update on the number of audits ongoing and completed.

18. Secretary Derrick Ramsey made the motion to accept the Audit and Collections report as presented. Mr. Duran Hall seconded the motion. Motion carried.

**Executive Session:**

19. Madam Chair Long asked for a motion to go into Executive Session under KRS 61.810 (1) (c), (f) and (j) to discuss litigation, personnel, and penalty waivers.

20. Mr. Duran Hall made the motion to go into Executive Session. Secretary Derrick Ramsey seconded the motion. Motion carried.

**Open Session:**

21. Mr. Duran Hall made the motion to return to open session. Secretary Derrick Ramsey seconded the motion. Motion carried.

**Other Business:**

22. Mr. Ryan Barrow made a motion to appeal the decision of the Kentucky Claims Commission to include, but not limited to, the rulings on statute of limitations and the calculation of penalty for AIG 2007-2010. Madam Chair Judy Long and Mr. Duran Hall abstained from the vote. Secretary Derrick Ramsey seconded the motion. Motion carried.

23. Mr. Ryan Barrow made a motion to appeal the decision of the Kentucky Claims Commission to include, but not limited to, rulings on the statute of limitations for Travelers 2001-2008. Madam Chair Long and Mr. Duran Hall abstained from the vote. Secretary Derrick Ramsey seconded the motion. Motion carried.

24. Mr. Ryan Barrow made a motion to appeal the decision of the Kentucky Claims Commission to include, but not limited to, rulings on the statute of limitations for

Travelers 2009-2012. Madam Chair Judy Long and Mr. Duran Hall abstained from the vote. Secretary Derrick Ramsey seconded the motion. Motion carried.

25. Mr. Ryan Barrow made a motion to modify the legal service contract not to exceed \$15,000 maximum for legal support. Mr. Duran Hall seconded the motion. Motion carried.

26. Mr. Brooken Smith added he would like to clarify the issue with regards to the legal services contract. He stated the amount was in addition to the previous modification approved by the Board to pay legal bills through June 30, 2017. This modification, not to exceed \$15,000, is to represent the Funding Commission in the appeals of the current litigation up to and through the Court of Appeals.

27. Mr. Reid Glass made a motion to amend the previous motion. Secretary Derrick Ramsey seconded the motion. Motion carried.

28. Mr. Reid Glass made a motion to specify payment of legal services, not to exceed \$15,000, in connection with AIG, Travelers' 1 and Travelers' 2 cases, through the Circuit Court and Court of Appeals. Mr. Duran Hall seconded the motion. Motion carried.

#### Penalty Waivers

29. Mr. Duran Hall made a motion to deny a penalty waiver request in the amount of \$51.40 for the late filing of FCCI's 4<sup>th</sup> quarter 2016 Quarterly Premium Report. Secretary Derrick Ramsey seconded the motion. Motion carried.

30. Mr. Duran Hall made a motion to waive penalty in the amount of \$47.42 on a one-time only basis for the revised filing of General Motors, LLC 1<sup>st</sup> quarter 2017 Quarterly Premium Report and on the condition the interest of \$9.87 be paid within ten business days. Secretary Derrick Ramsey seconded the motion. Motion carried.

#### Loss Portfolio Transfer Agreement Update

31. Mr. Reuben Jones reported everything is going as planned at this time.

#### New Business

32. No new business.

**Adjournment:**

33. Mr. Duran Hall made a motion to adjourn. Secretary Derrick Ramsey seconded the motion. Motion carried.

  
Chairman of the Board